LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
http://www.in.gov/legislative

FISCAL IMPACT STATEMENT

LS 6070 **NOTE PREPARED:** Feb 21, 2011
BILL NUMBER: SB 260 **BILL AMENDED:** Feb 21, 2011

SUBJECT: Clean Energy Improvement Financing District.

FIRST AUTHOR: Sen. Merritt **BILL STATUS:** 2nd Reading - 1st House
FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill allows the legislative body of a unit (other than a township) to establish a clean energy improvement financing program to fund clean energy improvements for voluntary participants in the program.

The bill requires financing to come from private equity or federal grants or loans. It prohibits the legislative body from issuing bonds to finance clean energy improvements.

The bill provides that the payment period of a special assessment on a participating property may not exceed the useful life of the clean energy improvement. It provides that assessments are: (1) billed and collected in the same manner as property taxes; and (2) enforced as a lien subject to all liens and encumbrances existing on the property on the date of the initial assessment.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Under this bill, the legislative body of a county or a municipality may establish a clean energy improvement financing program. The enabling ordinance or resolution would have to designate a body that would administer the program. The legislative body may name itself as the administrator.

Financing could come from a combination of private equity financing, and federal grants and loans. The unit would be prohibited from issuing bonds for this purpose. In addition, the designating body would be permitted to impose a reasonable fee to pay for administration costs.

Property owners located within the territory of the unit could apply to participate in the program. If approved, the unit would provide financing for the property owner's cost of the clean energy improvements. Participating taxpayers (including subsequent purchasers of the improved property) would repay the cost of the project through annual special assessments over a period not to exceed the useful life of the improvement.

Each year, the designated body would calculate a special assessment for each participant based on the cost of improvements installed on each property. The designated body would be able to adjust the assessments to ensure that collections are sufficient to make all payments.

A clean energy improvement financing program could encourage additional development. Any fiscal impact would depend on local action.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Counties and municipalities.

Information Sources:

Fiscal Analyst: Bob Sigalow, 317-232-9859.